

HOUSE BILL NO. 341

INTRODUCED BY B. NOONEY

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A PROPERTY TAX EXEMPTION FOR THE PRIMARY RESIDENCE OF A SENIOR OWNER; PROVIDING THAT THE EXEMPTION INCREASES TO KEEP THE PROPERTY TAXES ON THE RESIDENCE CONSTANT; PROVIDING ELIGIBILITY REQUIREMENTS INCLUDING THAT THE RESIDENCE BE USED AT LEAST 7 MONTHS A YEAR; PROVIDING FOR AN ADJUSTMENT OF THE EXEMPTION FOR INCREASED VALUE DUE TO IMPROVEMENTS OR REMODELING; TERMINATING THE EXEMPTION UPON CHANGE IN OWNERSHIP TO OTHER THAN A SURVIVING SPOUSE OVER 61 YEARS OF AGE; AND PROVIDING AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Property tax exemption for senior owners. (1) There is a partial exemption from property taxes for the primary residence of a senior owner as provided in this section in an amount to be determined under subsection (2).

(2) The amount of the exemption from property taxes allowed under subsection (1) is the greater of:

(a) 25% of the total property taxes on the senior owner's primary residence for the tax year beginning January 1, 2009, or for persons reaching 65 years of age after January 1, 2009, the total property taxes for the year the senior owner reached 65 years of age; or

(b) the difference between the amount of property taxes payable on the senior owner's primary residence in the current year and the amount the senior owner paid in reduced property taxes under subsection (2)(a) for the year the exemption was first granted on the same property.

(3) If the senior owner purchases a primary residence after reaching 65 years of age, the amount of the property tax exemption is 25% of the amount of property taxes for the year of purchase and in subsequent years the exemption is the difference between the amount of property taxes payable on the senior owner's primary residence in the current year and the amount the senior owner paid in reduced property taxes in the year of the purchase of the same property.

(4) If the value of the primary residence is increased by at least 10% after the first year of the exemption allowed by this section because of remodeling or improvements made to the property, the exemption amount

1 must be reduced proportionately based upon the increased value caused by the remodeling or improvement.
2 For all subsequent years, the reduced exemption amount must be the amount used to determine an exemption
3 under subsection (2)(b) or (3) rather than the original payment amount.

4 (5) (a) Except as provided in subsection (5)(b), the exemption allowed under this section terminates upon
5 a change in ownership of the property.

6 (b) If the surviving spouse of the senior owner is the subsequent owner and the surviving spouse is older
7 than 61 years of age, then the exemption allowed by this section remains in effect at the amount determined
8 under subsection (2)(b) using the original senior owner's payment under subsection (2)(a) or (3) or the adjusted
9 payment under subsection (4) as the basis of the exemption.

10 (6) (a) An exemption under this section and the taxable market value reduction under the property tax
11 assistance provisions of 15-6-134(1)(c) may not be claimed for the same property.

12 (b) A senior owner receiving an exemption under this section may, if qualified, receive an income tax
13 credit for the property taxes that are paid on the property under the residential property tax credit for the elderly
14 program provided for in 15-30-171 through 15-30-179.

15 (7) (a) A person applying for a property tax exemption under this section is required to apply to the
16 department, on a form provided by the department, stating:

17 (i) the person's age;

18 (ii) the fact that the person maintains the land and improvements as the person's primary residence;

19 (iii) that the person is the sole owner or is a co-owner of the property; and

20 (vi) other information that is relevant to the applicant's eligibility.

21 (b) The application must be made on or before April 15. If approved, the property tax exemption remains
22 in effect in subsequent years unless there is a change in the ownership. The senior owner shall inform the
23 department of any change in eligibility, change in the value of the property through remodeling or improvements
24 to the property, or any other matter affecting the exemption. The department may inquire by mail whether any
25 change in ownership or value has taken place.

26 (8) For the purposes of this section:

27 (a) "senior owner" means an individual 65 years of age or older who, either solely or with co-owners, is
28 the owner of the primary residence that receives the exemption allowed by this section; and

29 (b) "primary residence" means any improvement on real property, including trailers, manufactured
30 homes, or mobile homes, and appurtenant land not exceeding 5 acres owned or under contract for deed and

1 actually occupied for at least 7 months a year as a primary residential dwelling of the senior owner.

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3 NEW SECTION. **Section 2. Codification instruction.** [Section 1] is intended to be codified as an
4 integral part of Title 15, chapter 6, part 2, and the provisions of Title 15, chapter 6, part 2, apply to [section 1].

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6 NEW SECTION. **Section 3. Applicability.** [This act] applies to tax years beginning after December 31,
7 2009.

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